

MD	✓		BKC	✓
CS	✓		DPY	M
RO	✓		DIV	M
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

SOVEREIGN

DIAMONDS LIMITED

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24th

ANNUAL REPORT

1997-98

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SOVEREIGN DIAMONDS LIMITED

24th ANNUAL REPORT 1997-98

TWENTY FOURTH ANNUAL GENERAL MEETING

on 22nd September 1998

at 11-A Mahal Industrial Estate,

Mahakali Caves Road,

Andheri (East), Mumbai - 400 093.

Time : 12.30 P.M.

BOARD OF DIRECTORS:

Mr. Ramesh Hotchand Gehani - Managing Director

Mr. R. C. Sheopuri

Mr. Vijay G. Kalantri

Mr. Ajay R. Gehani

Mr. Sanjay R. Gehani

- Wholetime Director

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BANKERS :

State Bank of India

Corporation Bank

REGISTERED OFFICE :

117, Jolly Maker Chambers No. 2,

Nariman Point,

Mumbai - 400 021.

STATUTORY AUDITORS :

M/s. J. D. Zatakia & Co.

109, Vyapar Bhavan,

P. D'Mello Road,

Mumbai - 400 009.

NOTE: *As a measure of economy the shareholders attending the Annual General Meeting are requested to bring alongwith them this copy of the Annual Report.*

NOTICE



NOTICE is hereby given that the Twenty Fourth Annual General Meeting of SOVEREIGN DIAMONDS LTD. will be held on Tuesday, 22nd September 1998 at 12.30 p. m. at 11-A, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 093. to transact the following business:

ORDINARY BUSINESS:

- (1) To receive and adopt the audited Balance Sheet as at 31st March 1998, the Profit and Loss Account for the Year ended on that date together with the reports of Directors' and Auditors thereon.
- (2) To appoint a Director in place of Shri. R. C. Sheopuri who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint a Director in place of Shri. Ajay R. Gehani, who retires by rotation and being eligible offer himself for reappointment.
- (4) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

- (5) To consider, and if though fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supercession of the earlier resolution, the Board of Directors of the Company be and is hereby authorised in accordance with Section 293(1) (d) and all other applicable provisions of the Companies Act, 1956 and the Articles of Association of the company, to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) by a sum not exceeding Rs. 20.00 crores (Rupees Twenty Crores only) and that the Board of Directors be and is hereby empowered and authorised to arrange or to fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

Notes :

- (1) The Relative explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of special business specified in the Notice is annexed hereto.
- (2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself and a proxy need not be a member. A proxy in order to be valid has to be submitted, to the Company atleast 48 hours before the meeting.
- (3) The Register of Members and Share Transfer Books of the Company will be closed on 21/09/98 & 22/09/98.
- (4) Members are requested to notify the change in address, if any, immediately to the company quoting their folio numbers.

Explanatory Statement U/S 173 (2) of the Companies Act, 1956 in respect of the Special Business.

ITEM 5 : At the extraordinary General Meeting of the Members of the Company held on 30th June 1992 the Board of Directors where empowered to borrow under section 293(1) (d), upto Rs. 10.00 Crores. In anticipation of the growth in the business of the Company & the resultant need for larger borrowings, it is advisable to increase the borrowing limits as stipulated in the resolution with the approval of the shareholders in terms of Section 293 (1) (d) of the Companies Act, 1956.

The Directors recommend the resolution for members approval.

None of the Directors of the Company is interested in the resolution.

Dated : 11th August, 1998

By order of the Board

Registered Office :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

Ramesh H. Gehani
Managing Director

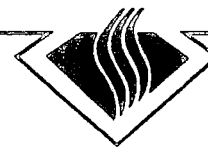
Dated : 11th August, 1998

By order of the Board

Registered Office :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

Ramesh H. Gehani
Managing Director



DIRECTORS' REPORT

To,

The Members,

The Directors present their Twenty Fourth Annual Report together with audited accounts of the Company for the year ended 31st March, 1998.

A. FINANCIAL RESULTS :

	Amount (in Rs.)	Previous year (in Rs.)
Net Profit (Loss)	22,87,361	2,62,771
Before Taxation		
(After providing depreciation of Rs.22,22,426 P. Y. Rs. 25,09,902)		
Less: Provision for Taxes	--	--
	<u>22,87,361</u>	<u>2,62,771</u>
PROFIT/(LOSS) AFTER TAX		
a) Prior Years Income Tax.	(1,07,084)	--
b) Balance brought forward from last year	(1,31,24,834)	(1,33,87,665)
c) Balance carried over to Balance Sheet	(1,09,44,557)	(1,33,87,665)

B. DIVIDEND :

In view of carried over losses, Your Directors regret their inability to declare any dividend.

C. WORKING OF THE COMPANY:

The sales turnover, for the year ended 31st March 1998 increased to Rs. 725.55 Lacs as compared to Rs. 640.06 lacs last year. The Margins on sales have improved which is reflected in higher operational net profit of Rs. 22.87 Lacs against Rs. 2.63 Lacs in the previous year. Your Directors are hopeful to present better results during their current year as evident from the sales turnover of Rs. 240.63 lacs for the quarter ended 30th June 1998.

D. DIRECTORS :

Mr. R. C. Sheopuri & Mr. Ajay R. Gehani, directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

E. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

CONSERVATION OF ENERGY :

The activity of the Company does not require large scale consumption of energy & the Company is not covered in the list of Industries required to furnish information in Form A relating to conservation of Energy.

TECHONOLOGICAL ABSORPTION :

General research & development work is carried out by the Company in manufacture of Jewellery as per International Standards to produce better quality and better finished goods, general cost reduction and world wide acceptability of its products.

**FOREIGN EXCHANGE : EARNINGS AND OUTGO**

		(Rs. in Lacs)	
		1997-98	1996-97
A. Earnings	(FOB Value)	594.60	465.58
B. Outgo	Imports (CIF)	14.79	85.12
	Travelling	32.86	12.23

F. INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Information in accordance with the section 217(2A) of the Companies Act, 1956 read with the Companies (disclosure of particulars in report of Board of Directors) Rules, 1988 and forming parts of the Directors' Report for the year ended 31st March, 1998 is given in an Annexure of this Report.

G. AUDITORS :

Members are requested to appoint Auditors for the current year and to fix their remuneration. Messers J. D. Zatakia & Co. Chartered Accountants, the retiring auditors have under Section 224 (1) of the Companies Act, 1956 indicated their eligibility of their re-appointment.

Dated : 11th August, 1998

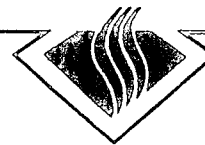
Registered Office :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

For and on behalf of the
Board of Directors

Ramesh H. Gehani
Managing Director

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Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1998

Sr No.	Name	Designation	Remuneration Received Gross	Qualification & Experience (Yrs.)	Age (Yrs.)	Date of Commencement	Previous Employment of
1.	Shri Ramesh H. Gehani	Managing Director	Rs. 4,16,500	First Year Arts (30)	65	05/06/1974	-
2.	Shri Ajay R. Gehani	Wholetime Director	Rs. 3,72,300	B. Com Graduate Gemologist from U.S.A. (14)	32	24/11/1984	-

Notes :

1. Gross remuneration comprises Salary, Allowances and Value of Perquisites.
2. Nature of employment is contractual.
3. Shri Ajay R. Gehani is related to Shri Ramesh H. Gehani as a son.

Dated : 11th August, 1998

Registered Office :

117, Jolly Maker Chambers No. 2,
Nariman Point,
Mumbai - 400 021.

For and on behalf of the
Board of Directors

Ramesh H. Gehani
Managing Director